

# Operating management of hogsmeadow garden centre marketing essay



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Hogsmeadow Garden Centre draws a lot of people to visit the garden and it offers a wide range of products and services. It opens daily and the growth of the garden had been significant. However, Don Dursley is having difficulties in operating the garden efficiently. Operation management is the process of managing the resources and transform it into the value added product or service (Kumar, 2006) and it will be used to help Don Dursley.

### Micro operations and types of resources

Every operation has its own input, transforming process and output. Input has two categories of resources which are transforming resources and transformed resources (Greasley, 1999). The transforming resources are facilities and staffs. Services and products are produced by utilizing the facilities and staffs (Pycraft, 2007). The three main transformed resources are materials, information and customers. The whole operation is termed macro operation while its smaller units or departments are called micro operation (Pycraft, 2007). Micro operation is inter-related in an organization and it had helped in supporting the Business Process Reengineering (BPR). Each micro operation benefits the customers by producing the products and services.

The first micro operation is the car park facilities and map info. The transforming resource is the car park and transformed resource is the information on the map. The predominant resource in this operation is the car park. It is for anyone who wants to know the location of each place in the garden.

The first macro operation is the indoor sales area. The transforming resources are the garden itself and the customer services provided by the staffs to assist any trouble customers. The transformed resources in this operation will be materials, information and customers. The materials are those goods for sales and information is the customer service. The predominant resource is materials. Micro operations involve ordering stocks, receiving stocks, putting it out for display, maintaining the facilities and servicing the customers. It is needed to make the operation goes on. The targeted customers range from kids to adults as they sell children's products and grown up's products.

The second macro operation is the outdoor sales area. The micro operations are the same and inter related with the indoor sales. The facilities would be the open air area and in a large glasshouses and the staffs provide professional skills and knowledge of the plants for the customers. The materials would be plants mostly for example. The information of the plants or the garden including the prices all is provided. The customers for this are usually women and older people. The predominant resource is the staffs. Staffs are needed to aid the customers' enquiries and in deciding which plants to buy.

As for Honeydukes Restaurant, it is one of the macro operations. The micro operation starts from buying ingredients from suppliers, receiving and stocking up the ingredients and preparing the ingredients. Then as for customers, they need to queue up for ordering and pay for the food, the cook will then prepare the food according to the orders from the customers and the food will be served. The last micro operation would be clearing up

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the tables for the other customers. The facility is the restaurant building itself and staffs are the one who order the ingredients and food (materials), cook and serve customers. The information would be the menu. The predominant resource is customers. The business for it is accountable on the customers. Without them, the restaurant would go bankrupt. The customers of the restaurants are usually older people, women and children.

#### The Analyze of 4 V's

Volume is the extent, to which the organization can even out the work. If the volume is high, it means the greater standardization and it makes the lower cost per output (Basu & Wright, 2008). For example, Don Dursley had order a container full with plant A due to high demand of it and plant B with only half a container. Plant A will be more cost saving as the margin for the cost is minimized and reduced per unit. The garden is having trouble to facilitate the right number of staffs with the right skills. As there are more customers, the staffs can only do one job at a time and specialization of skills will be needed. As for the restaurant, they are having the right amount of staff to serve the customers during peak and off peak period. This will results in maximized productivity of each staff and increased customers too as the turnover will be higher.

Variety is the assortment of products and services that are available at the garden to fulfil the customers' demand. It is obvious the garden has a wide range of products. For example, different species of plants, gardening equipment, pets, and stationeries. The management plans to increase the variety including services to compete with other competitors. With more

varieties, it implies more stock is being held and this is costly comparing to fewer range of products. The restaurant's variety is not that wide compare to the garden but it is sufficient for its business. They have beverages, pastries and lunch meals. They noticed adults bring children along and so children's lunch boxes made available.

Variation is how well do the managers cope with seasonal product issues and ordering advanced stocks (Perry, 2009). The variation for the garden is low. They had failed to predict the demand and often have leftover or out of stocks. They lose a lot on the cost of stocks by either heavy discounting or throwing away the withered plants. As for the restaurant, it shouldn't be a problem for them to order in advance by predicting the demand. The food can be ordered in a reasonable amount so that it doesn't need to be kept too long.

Visibility is the exposure of the operation process to the customers. It simply means the more contact the customers with the processes the higher visibility it is. The visibility of the restaurant will be higher comparing to the indoor and outdoor sales. It is because is a half self service restaurant. Customers need to queue, pick up the cutlery and collect the food. The children get to pick their favourite food according to their preference for the children lunch box. On the other hand, for indoor and outdoor sales area, it is pretty much everything will be handled by the staffs. They just need to choose their desirable product and enquire if there is any question regarding the plants. Usually the products will be received and placed during non peak time or before it open business for customers. This is to avoid inconvenience when there are customers around.

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## Inventory Control

Inventory control is one of the main areas in operation. Inventory is the management of stocks of raw materials, work in progress and finished goods to minimize the total inventory cost (Pride et al, 2008). Another definition by Kumar (2006), it is a planned approach in deciding what to order, when to order, how much to order and how much to stock to avoid interruption of the business operation. Inventory records need to be archived for any referencing in the future. The objective is to maximize the profit while balancing the cost of stocking up the products and the cost of not stocking up the products.

There are a few inventory control theories such as Economic Order Quantity (EOQ), ABC Analysis, Just In Time (JIT), Enterprise Resource Planning (ERP) and Materials Requirements Planning (MRP). Every firm will need to deal with inventory control, not just the garden. The problems of the garden are unpredictable demand due to weather influence and lack of planning in ordering the stocks or reordering it. The seasonal products have a short selling period and by the end of its season, it's worth nothing. Plants have short shelf life as it needs suitable environment condition for it to grow. Some plants are not meant to be in that original pot for so long.

EOQ can be used as a guideline to order, not as a rule to determine the quantity to obtain in the order (Tompkins & Smith, 1998). It is suitable for the garden centre as they are having in excess of stocks causing the percentage of the loss of stocks more than the profit. This is supported by Cargal (2003), it determines the order quantity (Q), that balances the order

cost (C) and the holding costs (h) to minimize total costs. The advantages would be bulk discounts, reducing total reordering cost and meet the needs of customers (Mock, 2004). By plotting the graph, the minimum total cost occurs at the meeting point of ordering cost and carrying cost.

Figure 1: Attracted from ACCA ([http://www. accaglobal.com/images/studentaccountant/0204fig1. gif](http://www.accaglobal.com/images/studentaccountant/0204fig1.gif))

The management of the garden can use MRP theory to help in calculating volume and timing for planning and control purposes. It provides good assistance for order processing, data handling and book keeping (Advanced Planning, 2008). It ensures the materials and products available for manufacturing, purchasing and delivery activities with the minimum level of inventory. It helps in deciding what product to order, how many to order and when are they required. This is appropriate for the use of the garden as they always do not know how much to order.

JIT is a method aimed in reducing and eliminating the waste of stocks and inefficiencies in the warehouse (Tompkins & Smith, 1998). It had been developed by Toyota and used by many Japanese companies (Hartley, 1981). It improves the flow of goods thus reducing the cost, workers with multiple skills can be used efficiently, work hours are consistent with the demand. It is important for the management to select suppliers with high level of quality and delivery reliability (Chung & Bakar, 2007). If there is any inadequate amount of stocks, the suppliers can try to send it in the shortest time available.

Terry Hill's Framework

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Professor Terry Hill developed a strategy that distinguish order winner and order qualifier. Order winner is the characteristics that distinguish the firm from any other competitors while order qualifier is the minimum characteristics of the products or firm to be considered as a source of purchasing (Davis et al, 2007).

The characteristics that the garden has as an order winner could be the strategic place, half a mile outside of the popular tourist village. It is accessible by good main roads. The second characteristics would be they are well known for providing excellent service. Nowadays, customer service plays a major role in determining the organization's success and reputation. It is supported by Macaulay and Cook (1993), an effective customer care and service is one of the essentials in the UK organizations. Another journal by them (1994), it says good services do make a different as it can retain its customers not only attract. The third would be high quality of plants for sales comparing to the other competitors. The plants are well tended and look healthier and more attractive.

However, without the order qualifier's characteristics the firm will not be success with just order winners. The garden has a wide range of products for sales, not only the plants. It satisfies a much broader age range of customers. The second characteristic is the availability of parking spaces. The customers will find it convenient to park their cars as there will be a lot of spaces. They had invited personality gardeners from television to make special appearance to attract more customers. All these are part of the side factors to make the garden succeed.



## Recommendation

As the order winners and qualifiers are in the market requirements perspective, Don Dursley needs to identify its current market position and find out which operations he needs to improve. Customers do influence the performance objectives on price and delivery time factors (docstoc, 2010). Besides, he can collaborate with other gardens to improve in this industry following the example of “ Together in Asia” campaign by Hong Kong and Singapore (Wong & Kwan, 2001).

(2000 words)